

- The iTraxx European Performance Credit Index rose by 0.5%
- The iTraxx Crossover Long Credit Index rose by 0.2%
- The iTraxx Crossover Short Credit Index fell by 0.4%
- The J.P. Morgan Global Credit Volatility Premium Index rose by 0.7%

Market overview

July saw gains in fixed income markets with the ECB signalling further interest rate cuts and quantitative easing. In the US, the Fed lowered rates by 25bps on the last day of the month. Credit spreads in both European Investment Grade and European High Yield narrowed moderately on the previous month, with the on-the-run (OTR) iTraxx Main index tightening by 3bps (~5%) and the OTR iTraxx Crossover by 2bps (~1%).

Spreads on major indices

	31 July	28 June	MoM change
iTraxx Main 5y	49.9	52.5	↓
iTraxx Crossover 5y	253.3	255.1	↓
CDX North Am IG 5y	55.2	54.1	↑
CDX North Am HY 5y	326.4	323.0	↑

Data: Tabula, 31 July 2019

Tabula European Performance Credit UCITS ETF

The iTraxx European Performance Credit Index, the reference index for the Tabula European Performance Credit UCITS ETF (TCEP), was up by 0.5% in July.

The Index sells protection on the iTraxx Main and iTraxx Crossover, making it effectively long credit. As a result, it will benefit when spreads tighten. Spread change made a performance contribution of approximately 35bp. This was further improved by positive carry. The estimated one-year yield for TCEP now stands at 3.6% excluding management fees.

	1m	YTD	1y	Since TECP launch ¹
Fund	n/a	n/a	n/a	n/a
Index	0.5%	9.5%	5.4%	6.4%

Data: Tabula / IHS Markit, 31 July 2019 Performance prior 30 April 2018 is simulated by IHS Markit. Past performance (actual or simulated) is not a reliable indicator of future returns. ¹21 August 2018

Tabula European iTraxx Crossover Credit UCITS ETF

The iTraxx Crossover Long Credit Index, the reference index for the Tabula iTraxx Crossover Credit UCITS ETF (TECC), was up by 0.2% in July.

The Index sells protection on the iTraxx Crossover, making it effectively long credit. Spread change made a performance contribution of approximately 8bp, which was further improved by positive carry. The sensitivity to movements of the underlying credit spreads is measured in credit duration (DV01). The current DV01 of 4.6 means an approximate 4.6bp increase in the NAV for per bp of spread tightening and vice versa for spread widening. The estimated one-

year yield for TECC now stands at 2.8% excluding management fees.

	1m	YTD	1y	Since TECC launch ²
Fund	n/a	n/a	n/a	n/a
Index	0.2%	5.7%	2.0%	5.4%

Data: Tabula / IHS Markit, 31 July 2019. Performance prior 30 April 2018 is simulated by IHS Markit. Past performance (actual or simulated) is not a reliable indicator of future returns. ²11 December 2018

Tabula European iTraxx Crossover Credit Short UCITS ETF

The iTraxx Crossover Short Credit Index, the reference index for the Tabula European iTraxx Crossover Credit Short UCITS ETF (TECS), was down by 0.4% in July.

The Index buys protection on the iTraxx Crossover, making it effectively short credit. Spread change made a performance contribution of approximately -10bp (with negative carry also contributing to the overall performance). The sensitivity to movements of the underlying credit spreads is measured in credit duration (DV01). The current DV01 of -5.6 means an approximate 5.6bp increase in the NAV for per bp of spread widening and vice versa for spread tightening. The estimated one-year yield for TECS now stands at -4.8% excluding management fees.

	1m	YTD	1y	Since TECS launch ³
Fund	n/a	n/a	n/a	n/a
Index	-0.4%	-7.2%	-3.9%	-5.1%

Data: Tabula / IHS Markit, 31 July 2019. Performance prior 30 April 2018 is simulated by IHS Markit. Past performance (actual or simulated) is not a reliable indicator of future returns. ³8 February 2019

Tabula J.P. Morgan Global Credit Volatility Premium Index UCITS ETF

The J.P. Morgan Global Credit Volatility Premium Index (JCREVOLP), the reference index for the Tabula J.P. Morgan Global Credit Volatility Premium Index UCITS ETF (TVOL), was up by 0.7% in July.

The JCREVOLP Index provides short exposure to volatility in North American and European High Yield CDS markets by tracking the return of two credit volatility indices, rebalanced to an equal weighting monthly. To minimise market exposure, each credit volatility index sells and simultaneously delta hedges option strangles on the relevant CDS indices: iTraxx Crossover 5y and CDX HY 5y.

	1m	YTD	1y	Since TVOL launch ⁴
Fund	n/a	n/a	n/a	n/a
Index	0.7%	-2.5%	-4.7%	-2.2%

Data: Tabula / IHS Markit, 31 July 2019 Past performance (actual or simulated) is not a reliable indicator of future returns. ⁴28 March 2019

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